



**Minutes from the Joint Meeting of
THE DEFERRED COMPENSATION COUNCIL &
THE DELAWARE COLLEGE INVESTMENT PLAN BOARD
APRIL 5, 2016**

A Joint meeting of the Deferred Compensation Council and The Delaware College Investment Plan Board was held on April 5, 2016 at 9:00 AM in the Conference Room of the Office of the State Treasurer
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

All Council & Board Members Represented or in Attendance:

The Honorable Ken Simpler, State Treasurer, Co-Chair, Deferred Compensation Council
Ms. Valerie Watson, (on behalf of Secretary Thomas J. Cook, Department of Finance)
Ms. Jennifer Vaughn (on behalf of the Honorable Karen Stewart, Insurance Commissioner)
Mr. Robert Scoglietti (on behalf of Director Ann Visalli, Office of Management & Budget)
Mr. Charles Campbell-King, State Employee Member At-Large
Mr. José Echeverri, Chair, Delaware College Investment Plan Board
Mr. Dan Scholl, Schroders Investment Management
Mr. Donald Shandler, President of Shandler Associates
Mr. Stephen Saville, Delaware Health Information Network

Council & Board Members Not in Attendance:

Mr. Ralph Cetrulo, Public Member At-Large

Others in Attendance:

Ms. Ann Marie Johnson, Deputy Attorney General, DCC
Mr. Robert Willard, Deputy Attorney General, DCIP
Ms. Nora Gonzalez, Deputy State Treasurer, Office of the State Treasurer
Mr. Michael Green, Financial Investment Program Manager, Office of the State Treasurer
Mr. Dan Kimmel, Financial Investment Program Manager, Office of the State Treasurer
Mr. Omar Masood, Policy Analyst, Office of the State Treasurer
Ms. Martha Sturtevant, Office of the State Treasurer

CALLED TO ORDER

Mr. Simpler called the meeting to order at 09:05 AM. Introductions were made around the table.

APPROVAL OF THE MINUTES

A MOTION was made by Mr. Cetrulo and seconded by Mr. Campbell-King to APPROVE the minutes of the Joint Council/Board meeting held on February 24, 2016 on behalf of DCC.

A MOTION was made by Ms. Watson and seconded by Mr. Scholl to APPROVE the minutes of the Joint Council/Board meeting held on February 24, 2016 on behalf of DCIP.

MOTIONS WERE ADOPTED UNANIMOUSLY

DISCUSSION OF BOARD/COUNCIL CONSOLIDATION

Mr. Simpler began a discussion of the draft legislation required for a proposed consolidation. Mr. Scoglietti suggested adding “Whereas Clauses” to provide historical context for the merger.

Mr. Simpler reviewed the proposed composition for the new Board and recommended the addition of the Secretary of Education or representative, a Governor’s appointee, which would also serve on the DCIP sub-committee. Mr. Simpler also recommended adding language that would require one of the two state employees, to be a teacher eligible to participate in the 403b Plan to also serve on the DCC sub-committee.

The Board/Council discussed the merits of a consolidated Board requiring one of the two state employees to be a teacher. The Board/Council also discussed the history of educators being represented on the DCC. Mr. Campbell-King added that the vacancy that had previously been held by a school district employee. Mr. Scoglietti suggested the language allow for a second state employee to be representative of education, but not necessarily a teacher. The Board/Council agreed it was important to be inclusive of all stakeholders and still allow flexibility for the appointment. Mr. Simpler stated that he would amend the draft and prepare both versions for Board/Council approval.

Mr. Simpler began a discussion regarding the structure of a Board and Council merger. He asked the Board/Council to consider the creation of a Board, with two Co-Chairs or one Chair, and two standing sub-committees, each with a separate Chair. Providing an example of the later, Mr. Simpler gave an overview of the structure of the Cash Management Policy Board. The Board/Council discussed the merits of both options. There was a discussion regarding possible language that allows for the Governor to appoint the Chair. The Board/Council further discussed Duty of Prudence, conflicts of interest, code of conduct and other considerations for appointing a Chair.

Mr. Simpler suggested that Mr. Echeverri serve as the initial Chair of the merged Board. He asked the Council/Board if anyone had interest in serving as Chair of the sub-committees. The Board/Council discussed the roll and duties of each sub-committee and corresponding Chair. Mr. Campbell-King stated he would consider a leadership role once the time-commitment, the role, and the duties were more defined.

Ms. Johnson recommended defining the entity status of a consolidated Board.

There was a discussion regarding minimum board attendance and the addition of language allowing for telephonic quorum and voting for full-board and sub-committees. Mr. Saville added that the telephonic option offers more flexibility.

The Board/Council discussed the flexibility in the language pertaining to the sub-committees. Ms. Johnson added that the new board may want to delegate to sub-committees, the authority to approve categories of functions to avoid the need to wait for the full board to meet so actions can be taken. Mr. Scoglietti inquired about the, “duty to maintain investment, and re-investment funds.” Ms. Johnson recommended including in the statute standard of care language to clarify that the Board, its subcommittees, and each of their members are required to discharge their duties solely in the interest of the participants and beneficiaries of each Plan.

Mr. Simpler reviewed the legislation as it applies to the ABLE Board. He noted the ABLE terms are only applicable if Delaware implements its own ABLE Plan. Mr. Scoglietti suggested strongly clarifying the language

regarding the Board's power to choose implementation options. Ms. Johnson suggested context could be provided in a Whereas Clause.

Mr. Campbell-King asked if the timeline for audits should be included in the legislation. Ms. Johnson said it was worth considering for the final draft.

Mr. Scoglietti discussed his concerns regarding the July 1, 2016 effective date of the statute as it pertains to the Board and Council meeting any existing regulations. Ms. Johnson suggested the Council request ICE Miller to review the legislation for IRS fiduciary standards. Mr. Simpler stated he would like to have a final draft ready for Board/Council approval by April 20, 2016. Ms. Johnson suggested developing policies and procedures for the full Board and the two separate sub-committees, including their roles and functions.

ABLE Update

Mr. Simpler update the Board/Council on ABLE. He stated the final Federal regulations are not yet finalized, and changes were already being proposed. He said changes proposed were intended to increase the asset base, either by increasing those who are eligible, by age, or income, or, by increasing the maximum allowed savings. Mr. Simpler added the timeline for finalizing regulations was unclear.

PUBLIC COMMENTS

No public present for comment.

ADJOURNMENT

A MOTION was made by Mr. Scoglietti and seconded by Ms. Watson on behalf of the DCC to adjourn the meeting at 10:59 AM.

A MOTION was made by Mr. Scholl and seconded by Ms. Watson on behalf of the DCIP to adjourn the meeting at 10:59 AM.

MOTIONS WERE ADOPTED UNANIMOUSLY

Respectfully submitted,

The Honorable Ken Simpler, State Treasurer
Co-Chair for the Deferred Compensation Council

The Honorable Thomas J. Cook, Secretary of Finance
Co-Chair for the Deferred Compensation Council

Jose Echeverri,
Chair, Delaware College Investment Plan